November 13, 2018

Recruit Holdings Co., Ltd. (TSE 6098)
Consolidated Financial Results for the Six Months Ended September 30, 2018
(IFRS, Unaudited)

Tokyo, November 13, 2018 — Recruit Holdings Co., Ltd. ("Recruit Holdings" or the "Company") announced today its consolidated financial results for the six months ended September 30, 2018 (April 1, 2018 to September 30, 2018).

As used herein, the "Group" refers to Recruit Holdings Co., Ltd. and its consolidated subsidiaries unless the context indicates otherwise.

The Company's fiscal year is from April 1 to March 31, therefore FY2018 refers to the period from April 1, 2018 to March 31, 2019 and FY2017 refers to the period from April 1, 2017 to March 31, 2018. Q1 refers to three-month period from April 1 to June 30, Q2 refers to three-month period from July 1 to September 30, Q3 refers to three-month period from October 1 to December 31, and Q4 refers to three-month period from January 1 to March 31.

(Amounts are rounded down to the nearest million yen)

Consolidated Operating Results

	Six Months Ended September 30,		% change
(in millions of yen, unless otherwise stated)	2017	2018	
Revenue	1,063,094	1,143,339	7.5%
EBITDA[1]	139,232	155,246	11.5%
Operating income	108,391	126,570	16.8%
Profit before tax	113,233	129,050	14.0%
Profit for the period	82,448	93,196	13.0%
Profit attributable to owners of the parent	82,068	92,684	12.9%
Profit available for dividends[2]	74,499	88,956	19.4%
Total comprehensive income	103,443	119,222	15.3%
Earnings per share – Basic (yen)	49.13	55.47	-
Earnings per share – Diluted (yen)	49.02	55.37	-
Earnings per share – Adjusted[3] (yen)	48.30	58.64	21.4%

Consolidated Balance Sheet Data

(in millions of yen, unless otherwise stated)	As of March 31, 2018	As of September 30, 2018
Total assets	1,574,032	1,656,215
Total equity	840,660	941,121
Equity attributable to owners of the parent	835,605	934,715
Ratio of equity attributable to owners of the parent (%)	53.1%	56.4%

Dividends

(yen)	FY2017	FY2018	FY2018 (Forecast)
At the end of Q1	-	-	
At the end of Q2	11.00	13.50	
At the end of Q3	-		-
At the end of Q4	12.00		13.50
Total	23.00		27.00

Note: There is no revision of the dividends forecast from the previously announced figures.

Consolidated Financial Forecast for FY2018

(in millions of yen, unless otherwise stated)	FY2017	FY2018 (Forecast)	% change
Revenue	2,173,385	2,302,000	5.9%
EBITDA	258,413	285,000	10.3%
Operating income	191,794	210,000	9.5%
Profit attributable to owners of the parent	151,667	153,000	0.9%
Profit available for dividends	131,820	153,000	16.1%
Earnings per share – Basic (yen)	90.79	91.59	-
Earnings per share – Adjusted (yen)	86.74	101.76	17.3%

Note: There is no revision of the financial forecast from the previously announced figures.

Changes in Significant Subsidiaries Resulting from Change in Scope of Consolidation

Travel Book Philippines, Inc., PT. Go Online Destinations, and Mytour Vietnam company limited, in Overseas Marketing (Others, Marketing Solutions) in Media & Solutions were divested and excluded from Q1 FY2018. GO ONLINE DESTINATIONS SINGAPORE PTE. LTD. was divested and excluded from this reporting period.

Changes in Accounting Policies and Changes in Accounting Estimates

There has been a change in (1) accounting policy required by IFRS, and no change in (2) other accounting policies except for item (1), or (3) accounting estimates.

Number of Shares Issued - Common Stock

	As of March 31, 2018	As of September 30, 2018
Number of shares issued including treasury stock	1,695,960,030	1,695,960,030
Number of treasury stock	25,412,567	25,100,470

	Six Months Ended September 30, 2017	Six Months Ended September 30, 2018
Average number of shares during the period	1,670,403,168	1,670,836,390

Definition of the Management KPIs

Below definitions apply to throughout this documentation.

1. EBITDA = operating income + depreciation and amortization ± other operating income/expenses
2. Profit available for dividends = profit attributable to owners of the parent ± non-recurring income/losses, etc.
3. Earnings per share – Adjusted or Adjusted EPS = adjusted profit[4] / (number of shares issued at the end of the period - number of treasury shares at the end of the period)
4. Adjusted profit = profit attributable to owners of the parent ± adjustment items[5] (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items
5. Adjustment items = amortization of intangible assets arising due to business combination ± non-recurring income/losses

Forward-Looking Statements

The consolidated financial forecasts mentioned in this document are forward-looking statements which incorporate the Company's assumptions and outlook for the future and estimates based on the Company's plans as of today. These forward-looking statements are based on information available to and certain assumptions by the Company as of today, and there can be no assurance that the relevant forecasts will be achieved. Please note that significant differences between the forecasts and actual results may arise from various factors in the future, including due to changes in economic conditions, changes in clients' needs and users' preferences, competition, changes in the legal and regulatory environment, fluctuations in foreign exchange rates, and other reasons. For the earnings forecast, please refer to P12 “1. Management’s Discussion and Analysis, Qualitative Information on Consolidated Financial Results Forecast.”

Three-for-One Stock Split

The Company implemented a three-for-one stock split of its common stock effective on July 1, 2017. The number of shares issued (common stock) was calculated assuming that the stock split was implemented at the beginning of the previous fiscal year. Per share information is also calculated based on the same assumption.

Link for Presentation Slides and Video of Q2 FY2018 Earnings Results

https://recruit-holdings.com/ir/library/report/

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1. Management's Discussion and Analysis

Consolidated Results of Operations for Q2 FY2018

Results of Operations

(in billions of yen)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2018	Variance	% change	Six Months Ended September 30, 2017	Six Months Ended September 30, 2018	Variance	% change
Revenue[1]	538.6	577.8	39.1	7.3%	1,063.0	1,143.3	80.2	7.5%
HR Technology	52.7	82.4	29.7	56.4%	99.1	151.7	52.5	52.9%
Media & Solutions	166.7	175.8	9.0	5.5%	332.0	349.4	17.4	5.3%
Staffing	324.6	325.8	1.2	0.4%	642.6	654.9	12.2	1.9%
Operating income	52.0	58.7	6.6	12.8%	108.3	126.5	18.1	16.8%
Profit before tax	54.1	61.3	7.2	13.3%	113.2	129.0	15.8	14.0%
Profit for the period	41.9	45.6	3.6	8.6%	82.4	93.1	10.7	13.0%
Profit attributable to owners of the parent	41.8	45.3	3.4	8.3%	82.0	92.6	10.6	12.9%
Management KPI								
(in billions of yen, unless otherwise stated)								
EBITDA	67.3	76.5	9.1	13.6%	139.2	155.2	16.0	11.5%
HR Technology	8.4	14.3	5.8	69.9%	16.1	23.7	7.5	46.7%
Media & Solutions	39.0	44.0	5.0	12.9%	82.2	91.4	9.2	11.2%
Staffing	20.1	20.1	(0.0)	-0.1%	40.7	44.1	3.4	8.4%
Earnings per share – Adjusted (yen)	22.97	29.26	6.30	27.4%	48.30	58.64	10.34	21.4%
Average exchange rate during the period (yen)								
US dollar	-	-	-	-	111.03	110.26	(0.77)	-0.7%
Euro	-	-	-	-	126.30	129.79	3.49	2.8%
Australian dollar	-	-	-	-	85.51	82.06	(3.45)	-4.0%
Exchange rate effects on revenue[2,3,4] (in billions of yen)								
Consolidated	-	(2.9)	-	-	-	0.6	-	-
Staffing segment: Overseas	-	(3.2)	-	-	-	1.3	-	-

[1] The total sum of the three segments does not correspond with consolidated revenue due to Eliminations and Adjustments, such as intra-group transactions.
[2] The amounts shown are calculated by: (revenue for the current period in foreign currency) x (foreign exchange rate applied for the reporting period - the rate applied for the same period of the previous year)
[3] Monthly average exchange rates are applied to the HR Technology segment.
[4] The amount for Q2 FY2018 is calculated by deducting the amount for Q1 FY2018 from that for FY2018 six- month period.

Overview

Recruit Holdings' consolidated revenue for Q2 FY2018 was 577.8 billion yen, an increase of 7.3% from the same period of the previous year. This was due to growth in all three segments, HR Technology, Media & Solutions and Staffing, among which the growth of HR Technology contributed significantly. The exchange rate movements negatively impacted consolidated revenue during the period by 2.9 billion yen. As a result, consolidated revenue for the six months ended September 30, 2018 was 1.14 trillion yen, an increase of 7.5% year on year.

Consolidated operating income for Q2 FY2018 was 58.7 billion yen, an increase of 12.8% year on year. This was mainly attributable to higher profit in the HR Technology and Media & Solutions segments. As a result, consolidated operating income for the six-month period was 126.5 billion yen, an increase of 16.8% year on year. The growth rate for the six-month period was higher than that for Q2 because 6.3 billion yen in other operating income was recorded in Q1 FY2018 resulting from sales of subsidiaries in Media & Solutions.

Profit before tax for Q2 FY2018 was 61.3 billion yen, an increase of 13.3% year on year, and that for the six-month period was 129.0 billion yen, an increase of 14.0%.

Profit for the period for Q2 FY2018 was 45.6 billion yen, an increase of 8.6% year on year, and profit for the six-month period was 93.1 billion yen, an increase of 13.0 %. Profit attributable to owners of the parent for Q2 FY2018 was 45.3 billion yen, an increase of 8.3% year on year and that for the six-month period was 92.6 billion yen, an increase of 12.9%.

Management Key Performance Indicators

Consolidated EBITDA for Q2 FY2018 was 76.5 billion yen, an increase of 13.6% year on year, mainly resulting from higher profit in the HR Technology and Media & Solutions segments. Consolidated EBITDA for the six-month period was 155.2 billion yen, an increase of 11.5% year on year.

Adjusted EPS for Q2 FY2018 was 29.26 yen, an increase of 27.4% year on year, and adjusted EPS for the six-month period was 58.64 yen, an increase of 21.4% year on year. Quarterly profit available for dividends was 43.9 billion yen, an increase of 24.7% year on year and that for the six-month period was 88.9 billion yen, an increase of 19.4% year on year. To show the Company's earnings capability from operations more accurately, all profits and losses associated with the convertible bond issued by 51job, Inc., an equity-method affiliate of the Company, were included in the adjustment items as non-recurring income or losses from Q1 FY2018, whereas only certain profits and losses were included in the previous quarters. The change was made because such profits and losses are originated from the same convertible bond from the same issuer, and the impact from the losses which had not been included in the adjustment items is expected to increase. Assuming this change was applied in Q2 FY2017, adjusted EPS for Q2 FY2018 increased by 25.1% year on year.

Results of Operations by Segment

HR Technology

This reportable segment consists of the operations of *Indeed*, an online job search engine, the operations of *Glassdoor*, an online jobs and recruiting site, and their related businesses. The Group changed its accounting policies by adopting IFRS 15 in Q1 FY2018. During Q2 FY2018, the Group re-examined contracts with customers and reassessed the previous identification of a customer based on the IFRS 15 definition. As a result, it was concluded that sales agents for some transactions should be defined as the customer. Accordingly, revenues from certain customers which were previously presented on a gross basis with agent commissions classified in cost of sales are now presented on a net basis.

For related information, please refer to the following release:

"(Revision / Revision of Numerical Data) Partial Revision to the "Consolidated Financial Results for the Three Months Ended June 30, 2018 (IFRS, Unaudited)," released on November 13, 2018:
https://recruit-holdings.com/ir/ir_news/2018/1113_03.html

Quarterly revenue in the HR Technology segment was 82.4 billion yen, an increase of 56.4% year on year. This growth was mainly due to increased sponsored job advertising revenue from new and existing clients at Indeed and the inclusion of Glassdoor, which was acquired during Q1. Indeed's revenue growth remained strong against the backdrop of a favorable economic environment and strong labor market. Non-US revenue growth continued to outpace US growth. Revenue for the six-month period was 151.7 billion yen, an increase of 52.9% year on year. On a US dollar basis, revenue growth was 55.1% for Q2 and 53.5% for the six-month period. Assuming IFRS 15 was applied to revenue in FY2017 on a pro forma basis in US dollars, revenue growth was 60.6% for Q2 and 59.2% for the six-month period.

Quarterly segment EBITDA was 14.3 billion yen, an increase of 69.9% year on year. The reassessment of the identification of a customer under IFRS 15 had no impact on EBITDA. To support future revenue growth, the HR Technology segment continued to invest in sales and marketing activities to acquire new users and clients, and in product enhancements to increase user and client engagement. The timing of these investments fluctuates throughout the year. As a result, segment EBITDA for the six-month period was 23.7 billion yen, an increase of 46.7% year on year.

The operating results and relevant data for this reportable segment are as follows:

(in billions of yen, unless otherwise stated)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2018	Variance	% change	Six Months Ended September 30, 2017	Six Months Ended September 30, 2018	Variance	% change
Segment revenue	52.7	82.4	29.7	56.4%	99.1	151.7	52.5	52.9%
Segment EBITDA	8.4	14.3	5.8	69.9%	16.1	23.7	7.5	46.7%
Revenue in millions of US dollars[1]	476	739	262	55.1%	894	1,373	478	53.5%
Revenue in millions of US dollars[1] *(adjusted)*[2]	460	739	278	60.6%	862	1,373	510	59.2%

[1] These are the financial results of operating companies in this segment on a US dollar basis, which differ from the consolidated financial results of the Company.
[2] Assuming IFRS 15 was applied to revenue in FY2017 six-month period on a pro forma basis.

Indeed:
Indeed strives to continuously enhance the job seeker experience by investing aggressively in its platform. Indeed's job seeker traffic continued to grow double digits year on year during the quarter, and approximately 250 million unique users[1] visit Indeed each month. Indeed's client base continued to expand, as the number of employers and recruitment based firms using Indeed to hire grew year on year, resulting in strong revenue growth. As of September 30, 2018, Indeed had approximately 7,400 employees located in 27 offices in 14 countries.

Glassdoor:
Glassdoor's unique database of user generated company reviews, salaries and insights continued to help increase workplace transparency for millions of job seekers. As a result, traffic increased to its site as monthly unique visitors grew double digit year on year during the quarter to approximately 60 million[1]. Revenue growth was driven by its employer branding and job advertising products, as Glassdoor's client base of employer clients continued to expand. Glassdoor had approximately 800 employees as of September 30, 2018, located in 7 offices.

[1] Google Analytics

Media & Solutions

In this reportable segment, a number of vertical platforms and related businesses are divided into two major operations: Marketing Solutions, which mainly offers solutions to support clients' business operations and to attract users, and HR Solutions, which provides a full-range of HR services, mainly supporting enterprise clients' recruiting activities.

Quarterly revenue in the Media & Solutions segment was 175.8 billion yen, an increase of 5.5% year on year. This was primarily driven by increased revenue in the Beauty subsegment in Marketing Solutions and increased revenue in the Recruiting in Japan subsegment in HR Solutions. As a result, revenue for the six-month period was 349.4 billion yen, an increase of 5.3% year on year.

Quarterly segment EBITDA was 44.0 billion yen, an increase of 12.9% year on year. This was mainly due to increased revenue in Marketing Solutions. As a result, segment EBITDA for the six-month period was 91.4 billion yen, an increase of 11.2% year on year. Due to the new management structure effective on April 1, 2018, the treatment of cost allocations in intra-group transactions such as management service fees and general administrative fees was changed at the beginning of Q1 FY2018, resulting in a continued positive impact to segment EBITDA this quarter. Excluding this impact, quarterly segment EBITDA and segment EBITDA for the six-month period increased by 8.6%[1] and 7.3%[1] respectively. In Marketing Solutions, quarterly segment EBITDA and segment EBITDA for the six-month period increased by 14.1%[1] and 11.7%[1] respectively, and those for HR Solutions increased by 1.8%[1] and 6.5%[1] respectively.

[1] Calculated based on internal managerial reporting numbers which differ from the consolidated financial results of the Company.

The operating results and relevant data for this reportable segment are as follows:

	Three Month Ended September 30,		Variance	% change	Six Month Ended September 30		Variance	% change
(in billions of yen)	2017	2018			2017	2018		
Segment revenue	166.7	175.8	9.0	5.5%	332.0	349.4	17.4	5.3%
Marketing Solutions	96.8	100.8	3.9	4.1%	188.6	194.4	5.8	3.1%
Housing and Real Estate	25.1	25.2	0.0	0.3%	49.8	49.4	(0.3)	-0.7%
Bridal	13.9	13.8	(0.0)	-0.7%	27.8	27.7	(0.0)	-0.2%
Travel	16.9	17.6	0.7	4.4%	30.5	31.6	1.1	3.7%
Dining	8.8	9.2	0.4	4.7%	17.6	18.5	0.8	4.7%
Beauty	15.7	17.8	2.0	13.3%	30.7	35.0	4.2	13.7%
Others	16.2	16.9	0.7	4.4%	31.9	32.0	0.0	0.3%
HR Solutions	68.7	74.4	5.6	8.2%	140.0	153.4	13.4	9.6%
Recruiting in Japan	62.2	66.4	4.1	6.7%	128.5	136.7	8.1	6.3%
Others	6.4	7.9	1.4	23.0%	11.4	16.7	5.3	46.5%
Eliminations and Adjustments (Media & Solutions)	1.1	0.6	(0.5)	-43.1%	3.3	1.4	(1.8)	-55.8%
Segment EBITDA	39.0	44.0	5.0	12.9%	82.2	91.4	9.2	11.2%
Marketing Solutions	25.2	29.7	4.5	17.9%	50.0	57.7	7.7	15.5%
HR Solutions	17.4	18.1	0.6	4.0%	38.2	41.5	3.2	8.6%
Eliminations and Adjustments (Media & Solutions)	(3.6)	(3.8)	(0.2)	-	(6.0)	(7.8)	(1.8)	-

Business KPI	FY2017				FY2018	
	Q1	Q2	Q3	Q4	Q1	Q2
Hot Pepper Gourmet Number of seats reserved online (Dining)[1, 2]	14.48	28.28	52.75	71.21	19.05	37.18
Hot Pepper Beauty Number of online reservations (Beauty)[1, 2]	18.24	37.95	57.58	78.23	22.72	47.19
AirREGI registered accounts[3]	292	305	318	333	349	364
Paid *Study Sapuri* users (Others, Marketing Solutions)[3, 4]	404	444	454	476	559	586
Market data						
Number of new housing construction starts in Japan (Housing and Real Estate)[5]	249,916	246,924	244,511	205,045	245,040	246,378
Job-offers to applicants ratio[6, 7] (Recruiting in Japan)	1.49	1.52	1.57	1.59	1.60	1.63

[1] Pre-cancellation reservation basis. Cumulative total from the beginning of each fiscal year.
[2] Figures are shown in millions.
[3] Figures are shown in thousands.
[4] Previously disclosed figures only included *Study Sapuri* users of high school courses. However, users for non high school courses have

been increasing, therefore figures indicate the total number of users for high school, junior high school, elementary school and English courses from Q1 FY2017.
[5] Source: Statistical Survey of Construction Starts, Ministry of Land, Infrastructure, Transport and Tourism of Japan
[6] Source: Ministry of Health, Labour and Welfare of Japan
[7] Figures are the average of each month in each quarter.

Marketing Solutions

Housing and Real Estate

Housing and Real Estate revenue consists primarily of advertising revenue generated on *SUUMO*, an online platform and print media for housing and real estate. While the price of condominium apartments in metropolitan areas remains elevated, the number of new construction starts for condominium apartments has been decreasing. In this environment, the independent housing division and leasing division grew as a result of sales initiatives to offer solutions to clients and efforts to attract more users to the platform. Meanwhile, the sale of a subsidiary during Q3 FY2017 impacted the year on year revenue growth negatively. As a result, quarterly revenue increased by 0.3% year on year to 25.2 billion yen and revenue for the six-month period decreased by 0.7% year on year to 49.4 billion yen. Excluding the non-recurring impact from the sale of the subsidiary, quarterly revenue and revenue for the six-month period increased by 7.6%[1] and 6.6%[1] respectively.

[1] For comparison purposes, calculated based on internal managerial reporting numbers, which exclude revenue in prior periods from sales of subsidiaries.

Bridal

Bridal revenue consists primarily of advertising revenue generated on *Zexy*, a magazine and online platform which is an all-in-one source of information on wedding planning. Although the number of marriages has been declining in Japan mainly due to the declining population, the subsegment responded proactively to the needs of major wedding venue operators to attract marrying couples. Quarterly revenue decreased by 0.7% year on year to 13.8 billion yen and revenue for the six-month period decreased by 0.2% year on year to 27.7 billion yen.

Travel

Travel revenue consists primarily of advertising revenue and booking fees from *Jalan*, an online platform and print media for travel in Japan. In Q2 FY2018, both the number of hotel guests booked and the price per night of hotels booked through its online reservation platform increased. As a result, quarterly revenue increased by 4.4% year on year to 17.6 billion yen and revenue for the six-month period increased by 3.7% year on year to 31.6 billion yen.

Dining

Dining revenue consists primarily of advertising revenue generated on *Hot Pepper Gourmet*, an online platform focusing on online restaurant reservations and print media under the same name. Advertising revenue on *Hot Pepper Gourmet* increased this quarter, reflecting a gradual recovery of the dining and restaurant industry. However, dining and restaurant operators continue to face a challenging environment mainly due to the workforce shortage in Japan. In this environment, the subsegment continued to focus on strengthening its relationship with clients by offering operational solutions, such as *Air Series*. As a result, quarterly revenue increased by 4.7% year on year to 9.2 billion yen and revenue for the six-month period increased by 4.7% year on year to 18.5 billion yen.

Beauty

Beauty revenue consists primarily of advertising revenue generated on *Hot Pepper Beauty*, an online platform focusing on online salon reservations and print media under the same name. With a continued effort to extend its reach to non-urban areas and the outskirts of metropolitan areas, the number of beauty salon clients advertising on *Hot Pepper Beauty* continued to increase year on year. The number of online beauty salon reservations made through *Hot Pepper Beauty* continued to show solid growth due to improved usability and increased adoption by beauty salon clients of *SALON BOARD,* a cloud-based beauty salon vacancy management and support service. As a result, quarterly revenue increased by 13.3% year on year to 17.8 billion yen and revenue for the six-month period increased by 13.7% year on year to 35.0 billion yen.

Others

The Others subsegment includes Automobile, Education such as *Study Sapuri*, Overseas Marketing, and *Air Series* businesses. Quarterly revenue increased by 4.4% year on year to 16.9 billion yen and revenue for the six-month period increased by 0.3% to 32.0 billion yen. While the sale of subsidiaries in Q3 FY2017 and Q1 FY2018 negatively impacted revenue growth, excluding these non-recurring impacts, quarterly revenue and revenue for the six-month period increased by 12.3%[1] and 9.0%[1] year on year respectively.

[1] For comparison purposes, calculated based on internal managerial reporting numbers, which exclude revenue in prior periods from sales of subsidiaries.

HR Solutions

Recruiting in Japan

Revenue in the Recruiting in Japan subsegment consists primarily of advertising revenue generated on various online job and recruiting sites such as *Rikunabi, Rikunabi NEXT, RECRUIT AGENT* and *TOWNWORK*. The Japanese labor market remained extremely tight, and in this environment, the professional recruiting and placement division expanded specifically as a result of enhancing its brand values, strengthening user attractiveness, and reinforcing its sales structure. As a result, quarterly revenue increased by 6.7% year on year to 66.4 billion yen and revenue for the six-month period increased by 6.3% year on year to 136.7 billion yen.

Others

The Others subsegment includes the HR development business in Japan and placement service in Asia. From Q1 FY2018, the recruiting assessment business, which was previously managed in the Recruiting in Japan subsegment, was transferred to this subsegment, resulting in an increase in quarterly revenue and revenue for the six-month period. Quarterly revenue increased by 23.0% year on year to 7.9 billion yen and revenue for the six-month period increased by 46.5% year on year to 16.7 billion yen. The growth rate for the six-month period was higher than that for Q2 as a result of first quarter seasonality positively impacting revenue in the recruiting assessment business, which was transferred to this subsegment from Q1 FY2018.

Staffing

In this reportable segment, there are two major operations: Japan and Overseas.

Quarterly revenue in the Staffing segment was 325.8 billion yen, an increase of 0.4% year on year. This was mainly due to higher revenue in Japan operations, reflecting a tight labor market, while revenue in Overseas operations decreased primarily due to the negative impact of foreign exchange rate movements and the adoption of IFRS 15[1]. As a result, revenue for the six-month period was 654.9 billion yen, an increase of 1.9% year on year.

Quarterly segment EBITDA was 20.1 billion yen, a decrease of 0.1% year on year. EBITDA for Japan operations increased mainly due to higher revenue, which was offset by a decrease in EBITDA for Overseas operations primarily due to an increase in investments to improve profitability. Segment EBITDA for the six-month period was 44.1 billion yen, an increase of 8.4% year on year. The growth rate for the six-month period was driven primarily by the solid performance in Japan operations. In addition, segment EBITDA in Japan operations was positively impacted by the aforementioned change in the treatment of cost allocations in intra-group transactions. Excluding this impact, quarterly segment EBITDA decreased by 3.0%[2] year on year and segment EBITDA for the six-month period increased by 5.3%[2]., and in Japan operations, quarterly segment EBITDA decreased by 2.0%[2] year on year and segment EBITDA for the six-month period increased by 5.8%[2].

[1] Change of revenue recognition from gross basis to net basis
[2] Calculated based on managerial reporting numbers which differ from the consolidated financial results of the Company.

The operating results and relevant data for this reportable segment are as follows:

	Three Months Ended September 30,		Variance	% change	Six Months Ended September 30,		Variance	% change
(in billions of yen)	2017	2018			2017	2018		
Segment revenue	324.6	325.8	1.2	0.4%	642.6	654.9	12.2	1.9%
Japan	123.9	132.5	8.6	7.0%	249.6	268.2	18.5	7.4%
Overseas	200.6	193.2	(7.4)	-3.7%	392.9	386.7	(6.2)	-1.6%
Segment EBITDA	20.1	20.1	(0.0)	-0.1%	40.7	44.1	3.4	8.4%
Japan	9.0	9.5	0.4	4.5%	20.4	22.9	2.4	12.0%
Overseas	11.0	10.6	(0.4)	-3.9%	20.2	21.2	0.9	4.7%

	FY2017				FY2018	
Market data	Q1	Q2	Q3	Q4	Q1	Q2
Average number of active agency workers in Japan[1]	343,260	343,857	350,734	348,865	354,177	-

[1] Source: Japan Staffing Services Association
The figure for this reporting period has not been disclosed at the time of release of this document.

<u>Japan</u>

Demand for agency workers continued to be strong and the number of active agency workers remained at a high level. In this environment, Japan operations invested in advertising to increase the number of registered agency workers, while focusing on increasing new staffing contracts and extending existing staffing contracts. As a result, quarterly revenue increased by 7.0% year on year to 132.5 billion yen and revenue for the six months period increased by 7.4% year on year to 268.2 billion yen.

<u>Overseas</u>

Quarterly revenue decreased by 3.7% year on year to 193.2 billion yen. The negative impact of foreign exchange rate movements and the adoption of IFRS 15[1] was 3.2 billion yen and 4.0 billion yen, respectively. Excluding these impacts, quarterly revenue was flat year on year. The Company continued to focus on profitability improvement by implementing the Unit Management System, and simplifying the operational governance model in Europe. Revenue for the six-month period decreased by 1.6% year on year to 386.7 billion yen. The positive impact of foreign exchange rate movements was 1.3 billion yen, and the negative impact of the adoption of IFRS 15[1] was 7.8 billion yen. Excluding these impacts, revenue for the six-month period increased by 0.1% year on year.

[1] Change of revenue recognition from gross basis to net basis

Capital Resources and Liquidity

Financial Principle

The Group's financial principle is to maintain a strong consolidated balance sheet by utilizing capital raised through borrowings, considering the ratings from Japanese domestic rating agencies as important references. For capital efficiency, the Group implements strict criteria for investment, and sets its Return on Equity (ROE) target to approximately 15%.

Use of Capital

The Company allocates its capital primarily to working capital, corporate taxes, mergers and acquisitions by each segment, asset acquisition, capital expenditures, repayments of borrowings, payment of interest, and payment of dividends. The Company completed the acquisition of Glassdoor for 142.9 billion yen on June 21, 2018.

Fund Raising

The Group's primary source of liquidity for working capital and investments is cash flow from operations. However, the Group may consider and execute external financing when various conditions are deemed favorable, such as demands for capital, interest rate trends, repayment amount and redemption period of existing interest-bearing debt. For short-term working capital, the Group primarily utilizes borrowings from financial institutions and/or commercial paper. For long-term capital needs, the Group raises funds mainly by borrowings from financial institutions and/or bonds. The Group has registered a maximum 200 billion yen worth of corporate bond issuance (unused amount as of end of Q2 FY2018 is 150 billion yen) to maintain flexible capital raising capability.

The Group also has entered into overdraft agreements with four financial institutions to secure liquidity and raise working capital efficiently. The maximum amount of borrowings in the overdraft commitment is 113 billion yen as of end of Q2 FY2018, and the entire amount remains unused.

Credit Ratings

The Group has long-term ratings of AA- from Rating and Investment Information, Inc. (R&I), A3 from Moody's Japan, and A- from S&P Global Rating Japan as of end of Q2 FY2018.

Cash Management

The Group prioritizes internal lending and borrowing within the Group over external financing, primarily through the cash management system to maximize capital efficiency, assuming legality and economic rationality.

Fund Management

The Group invests only in principal guaranteed financial instruments which are deemed safe and efficient, and not for speculative purposes.

Analysis of Consolidated Balance Sheet

(in billions of yen)	As of March 31, 2018	As of September 30, 2018	Variance
Assets			
Total current assets	770.9	707.9	(63.0)
Total non-current assets	803.0	948.2	145.2
Total assets	1,574.0	1,656.2	82.1
Liabilities			
Total current liabilities	447.7	428.9	(18.8)
Total non-current liabilities	285.6	286.1	0.5
Total liabilities	733.3	715.0	(18.2)
Equity			
Total equity attributable to owners of the parent	835.6	934.7	99.1
Non-controlling interests	5.0	6.4	1.3
Total equity	840.6	941.1	100.4

Assets

Total current assets as of September 30, 2018 decreased by 63.0 billion yen, or 8.2%, from the end of the previous fiscal year. This was mainly due to a decrease in cash and cash equivalents of 54.0 billion yen. Non-current assets increased by 145.2 billion yen, or 18.1%, from the end of the previous fiscal year. This was mainly due to an increase in goodwill of 109.4 billion yen, mainly resulting from the acquisition of a subsidiary.

Liabilities

Current liabilities as of September 30, 2018 decreased by 18.8 billion yen, or 4.2%, from the end of the previous fiscal year. This was mainly due to a decrease in trade and other payables of 24.2 billion yen. Non-current liabilities increased by 0.5 billion yen, or 0.2%, from the end of the previous fiscal year. This was mainly due to a decrease in bonds and borrowings of 8.0 billion yen and an increase in other non-current liabilities of 11.5 billion yen.

Equity

Total equity as of September 30, 2018 increased by 100.4 billion yen, or 12.0%, from the end of the previous fiscal year. This was mainly due to an increase in retained earnings of 80.6 billion yen, primarily resulting from the recording of profit attributable to owners of the parent.

Analysis of Consolidated Cash Flows

(in billions of yen)	Six Months Ended September 30, 2017	Six Months Ended September 30, 2018	Variance
Net cash flows from operating activities	92.5	126.0	33.5
Net cash flows from investing activities	(41.7)	(158.7)	(117.0)
Net cash flows from financing activities	(53.0)	(33.3)	19.6
Effect of exchange rate changes on cash and cash equivalents	(1.5)	12.0	13.6
Net increase (decrease) in cash and cash equivalents	(3.7)	(54.0)	(50.2)
Cash and cash equivalents at the beginning of the period	355.1	389.8	34.6
Cash and cash equivalents at the end of the period	351.4	335.8	(15.6)

Cash and cash equivalents as of September 30, 2018 was 335.8 billion yen, a decrease of 54.0 billion yen from the end of previous fiscal year, since cash outflows from investing and financing activities exceeded cash inflows from operating activities.

Cash Flows from Operating Activities

The main difference between cash flows from operating activities and 129.0 billion yen of profit before tax: the addition of 35.6 billion yen of depreciation and amortization, and the subtraction of 27.4 billion yen of increase (decrease) in trade and other payables.

Cash Flows from Investing Activities

Cash used in investing activities primarily includes payment of 126.7 billion yen for acquiring a subsidiary.

Cash Flows from Financing Activities

Cash used in financing activities primarily includes 20.0 billion yen of dividends paid.

Qualitative Information on Consolidated Financial Results Forecast

There is no revision of financial forecasts for FY2018 from the figures announced on May 15, 2018.

Meanwhile, the forecast for the financial impact from Glassdoor, Inc. on the Company's consolidated revenue, EBITDA, and adjusted profit of FY2018 are changed to approximately 15.3 billion yen, -5.4 billion yen, and -4.4 billion yen respectively from 18.2 billion yen, -3.5 billion yen, and -3.5 billion yen which were reported on June 21, 2018. The book value of Glassdoor's assets and liabilities on the date of acquisition was adjusted to fair-value as part of the business combinations accounting process. This fair-value adjustment reduced the amount of deferred revenue at closing, resulting in lower reported revenue compared to what would have been recorded had Glassdoor remained a stand-alone company. The majority of this impact will be realized in the current fiscal year.

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2. Condensed Consolidated Financial Statements and Primary Notes

(1) Condensed Consolidated Statement of Financial Position

(in millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and cash equivalents	389,822	335,805
Trade and other receivables	323,116	318,006
Other current financial assets	19,864	22,312
Other current assets	38,159	31,815
Total current assets	770,962	707,939
Non-current assets		
Property, plant and equipment	57,211	64,823
Goodwill	312,944	422,423
Intangible assets	229,232	258,341
Investments in associates and joint ventures	43,950	41,015
Other non-current financial assets	118,038	133,172
Deferred tax assets	35,590	21,840
Other non-current assets	6,102	6,658
Total non-current assets	803,070	948,275
Total assets	1,574,032	1,656,215

(in millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	204,172	179,946
Bonds and borrowings	24,068	25,066
Other financial liabilities	1,356	1,061
Income tax payables	20,991	29,429
Provisions	7,034	3,367
Other current liabilities	190,145	190,080
Total current liabilities	447,768	428,951
Non-current liabilities		
Bonds and borrowings	159,007	150,963
Other financial liabilities	4,860	1,274
Provisions	5,043	6,544
Net defined benefit liability	45,781	46,462
Deferred tax liabilities	53,172	51,646
Other non-current liabilities	17,738	29,252
Total non-current liabilities	285,603	286,142
Total liabilities	733,372	715,094
Equity		
Equity attributable to owners of the parent		
Common stock	10,000	10,000
Share premium	50,115	49,140
Retained earnings	811,287	891,938
Treasury stock	(32,049)	(32,158)
Other components of equity	(3,748)	15,793
Total equity attributable to owners of the parent	835,605	934,715
Non-controlling interests	5,055	6,405
Total equity	840,660	941,121
Total liabilities and equity	1,574,032	1,656,215

(2) Condensed Consolidated Statement of Profit and Loss

For the Six-Month Period

(in millions of yen)

	Six Months Ended September 30, 2017	Six Months Ended September 30, 2018
Revenue	1,063,094	1,143,339
Cost of sales	571,674	576,397
Gross profit	491,420	566,942
Selling, general and administrative expenses	381,706	447,378
Other operating income	860	8,633
Other operating expenses	2,182	1,626
Operating income	108,391	126,570
Share of profit (loss) of associates and joint ventures	1,835	(2,241)
Finance income	3,321	5,010
Finance costs	316	288
Profit before tax	113,233	129,050
Income tax expense	30,784	35,853
Profit for the period	82,448	93,196
Profit attributable to:		
Owners of the parent	82,068	92,684
Non-controlling interests	379	512
Profit for the period	82,448	93,196
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	49.13	55.47
Diluted earnings per share (yen)	49.02	55.37

For the Three-Month Period

(in millions of yen)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2018
Revenue	538,698	577,865
Cost of sales	288,913	287,905
Gross profit	249,785	289,959
Selling, general and administrative expenses	197,423	232,289
Other operating income	508	1,591
Other operating expenses	805	530
Operating income	52,065	58,730
Share of profit (loss) of associates and joint ventures	633	(230)
Finance income	1,560	2,939
Finance costs	141	120
Profit before tax	54,117	61,319
Income tax expense	12,129	15,714
Profit for the period	41,987	45,604
Profit attributable to:		
Owners of the parent	41,848	45,321
Non-controlling interests	139	283
Profit for the period	41,987	45,604
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	25.05	27.12
Diluted earnings per share (yen)	25.00	27.07

(3) Condensed Consolidated Statement of Comprehensive Income

For the Six-Month Period

(in millions of yen)

	Six Months Ended September 30, 2017	Six Months Ended September 30, 2018
Profit for the period	82,448	93,196
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in financial assets measured at fair value through other comprehensive income	(1,420)	6,539
Remeasurements of defined benefit plans	-	-
Share of other comprehensive income of associates and joint ventures	(3)	(33)
Subtotal	(1,423)	6,506
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	22,418	19,576
Effective portion of the change in the fair value of cash flow hedges	0	(57)
Subtotal	22,418	19,519
Other comprehensive income (loss) for the period, net of tax	20,995	26,025
Comprehensive income for the period	103,443	119,222
Comprehensive income attributable to:		
Owners of the parent	103,040	118,498
Non-controlling interests	402	723
Total comprehensive income	103,443	119,222

For the Three-Month Period

(in millions of yen)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2018
Profit for the period	41,987	45,604
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in financial assets measured at fair value through other comprehensive income	206	1,279
Remeasurements of defined benefit plans	-	-
Share of other comprehensive income of associates and joint ventures	2	(13)
Subtotal	208	1,265
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	12,217	15,275
Effective portion of the change in the fair value of cash flow hedges	(536)	(471)
Subtotal	11,681	14,804
Other comprehensive income (loss) for the period, net of tax	11,889	16,070
Comprehensive income for the period	53,877	61,675
Comprehensive income attributable to:		
Owners of the parent	53,715	61,301
Non-controlling interests	161	373
Total comprehensive income	53,877	61,675

(4) Condensed Consolidated Statement of Changes in Equity
For the Six Months Ended September 30, 2017

(in millions of yen)

	Equity attributable to owners of the parent						
					Other components of equity		
	Common stock	Share premium	Retained earnings	Treasury stock	Share-based payments	Exchange differences on translation of foreign operations	Effective portion of the change in the fair value of cash flow hedges
Balance at April 1, 2017	10,000	52,529	714,055	(31,640)	3,221	(11,383)	792
Profit for the period			82,068				
Other comprehensive income						22,395	0
Comprehensive income for the period	-	-	82,068	-	-	22,395	0
Transfer from other components of equity to retained earnings			(1,423)				
Purchase of treasury stock		(17)		(1,063)			
Disposal of treasury stock		(131)		573	(442)		
Dividends			(36,195)				
Share-based payments					1,026		
Equity transactions with non-controlling interests		(2,245)					
Other		(16)	586				
Transactions with owners - total	-	(2,410)	(37,032)	(490)	584	-	-
Balance at September 30, 2017	10,000	50,119	759,092	(32,130)	3,805	11,011	793

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity					
	Net change in financial assets measured at fair value through other compre-hensive income	Remea-surements of defined benefit plans	Total	Total		
Balance at April 1, 2017	-	-	(7,369)	737,575	5,190	742,765
Profit for the period			-	82,068	379	82,448
Other comprehensive income	(1,423)		20,972	20,972	23	20,995
Comprehensive income for the period	(1,423)	-	20,972	103,040	402	103,443
Transfer from other components of equity to retained earnings	1,423		1,423	-		-
Purchase of treasury stock			-	(1,081)		(1,081)
Disposal of treasury stock			(442)	0		0
Dividends			-	(36,195)		(36,195)
Share-based payments			1,026	1,026		1,026
Equity transactions with non-controlling interests			-	(2,245)	(836)	(3,082)
Other			-	570	164	735
Transactions with owners - total	1,423	-	2,007	(37,925)	(671)	(38,597)
Balance at September 30, 2017	-	-	15,609	802,690	4,921	807,612

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For the Six Months Ended September 30, 2018

(in millions of yen)

	Equity attributable to owners of the parent						
					Other components of equity		
	Common stock	Share premium	Retained earnings	Treasury stock	Share-based payments	Exchange differences on translation of foreign operations	Effective portion of the change in the fair value of cash flow hedges
Balance at April 1, 2018	10,000	50,115	811,287	(32,049)	3,723	(8,354)	881
Cumulative effects of changes in accounting policies			1,360				
Restated balance	10,000	50,115	812,647	(32,049)	3,723	(8,354)	881
Profit for the period			92,684				
Other comprehensive income						19,365	(57)
Comprehensive income for the period	-	-	92,684	-	-	19,365	(57)
Transfer from other components of equity to retained earnings			6,506				
Purchase of treasury stock		(17)		(1,078)			
Disposal of treasury stock		(153)		969	(815)		
Dividends			(20,046)				
Share-based payments					1,049		
Equity transactions with non-controlling interests		(819)					
Other		16	146				
Transactions with owners - total	-	(974)	(13,393)	(109)	234	-	-
Balance at September 30, 2018	10,000	49,140	891,938	(32,158)	3,958	11,011	824

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Net change in financial assets measured at fair value through other compre-hensive income	Remea-surements of defined benefit plans	Total			
Balance at April 1, 2018	-	-	(3,748)	835,605	5,055	840,660
Cumulative effects of changes in accounting policies			-	1,360		1,360
Restated balance	-	-	(3,748)	836,965	5,055	842,020
Profit for the period			-	92,684	512	93,196
Other comprehensive income	6,506		25,814	25,814	210	26,025
Comprehensive income for the period	6,506	-	25,814	118,498	723	119,222
Transfer from other components of equity to retained earnings	(6,506)		(6,506)	-		-
Purchase of treasury stock			-	(1,096)		(1,096)
Disposal of treasury stock			(815)	0		0
Dividends			-	(20,046)		(20,046)
Share-based payments			1,049	1,049		1,049
Equity transactions with non-controlling interests			-	(819)	693	(126)
Other			-	163	(65)	97
Transactions with owners - total	(6,506)	-	(6,271)	(20,749)	627	(20,121)
Balance at September 30, 2018	-	-	15,793	934,715	6,405	941,121

(5) Condensed Consolidated Statement of Cash Flows

(in millions of yen)

	Six Months Ended September 30, 2017	Six Months Ended September 30, 2018
Cash flows from operating activities		
Profit before tax	113,233	129,050
Depreciation and amortization	29,519	35,683
Gain on sales of investments in subsidiaries	(298)	(7,436)
(Increase) decrease in trade and other receivables	7,131	13,543
Increase (decrease) in trade and other payables	(7,432)	(27,497)
Other	(13,314)	(9,590)
Subtotal	128,838	133,753
Interest and dividends received	1,493	3,375
Interest paid	(87)	(253)
Income tax paid	(37,660)	(10,779)
Net cash flows from operating activities	92,583	126,096
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(9,811)	(11,207)
Payment for purchase of intangible assets	(21,630)	(25,138)
Payment for purchase of shares of subsidiaries	(5,358)	(126,788)
Proceeds from sales of shares of subsidiaries	291	7,924
Other	(5,213)	(3,565)
Net cash flows from investing activities	(41,723)	(158,775)
Cash flows from financing activities		
Repayments of long-term borrowings	(12,479)	(12,478)
Payment for purchase of treasury stock	(1,081)	(1,096)
Dividends paid	(36,149)	(20,055)
Other	(3,314)	233
Net cash flows from financing activities	(53,024)	(33,397)
Effect of exchange rate changes on cash and cash equivalents	(1,594)	12,059
Net increase (decrease) in cash and cash equivalents	(3,758)	(54,017)
Cash and cash equivalents at the beginning of the period	355,196	389,822
Cash and cash equivalents at the end of the period	351,438	335,805

(6) Going Concern Assumption

Not applicable.

(7) Notes to Condensed Consolidated Financial Statements

1. Change in Accounting Policies

The Group has applied IFRS 15 “Revenue from Contracts with Customers” (issued in May 2014) and “Clarifications to IFRS 15” (issued in April 2016) (collectively, “IFRS 15”) from the three months ended June 30, 2018.
In applying IFRS 15, the Group adopts a method of recognizing the cumulative effect of applying this standard at the date of initial application, which is accepted as a transitional measure.

The Group recognizes revenue based on the following five-step approach:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The incremental costs of obtaining a contract are recognized as an asset (“asset recognized for costs of obtaining contracts”) if those costs are expected to be recoverable.
The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.
An asset recognized for costs of obtaining contracts is amortized on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates, unless the amortization period of the asset is one year or less. If the amortization period of the asset is one year or less, the incremental costs of obtaining a contract are expensed when incurred by applying the practical expedient specified in IFRS 15.
Thus, certain costs (such as sales commission) which were expensed under the previous accounting standards are capitalized.
As a result, compared with the previous accounting standard, as of the beginning of the six months ended September 30, 2018, other current assets increased by 1,764 million yen, retained earnings increased by 1,360 million yen, and deferred tax assets decreased by 540 million yen, among other changes.
The Group also identified performance obligations in contracts with customers based on the above five-step approach.
For certain sales transactions through sales agents, the Group reassessed the previous identification of a customer, and concluded that sales agents for some transactions should be defined as the customer. Accordingly, consideration for such transactions is determined based on the transaction price agreed with the agents.
In addition, for transactions where another party is involved in providing services to customers, the Group examined whether it has control over the services before the satisfaction of the performance obligations related to the services, and then has determined that it does not have control over the services. Accordingly, revenues from certain customers which were presented on a gross basis are presented on a net basis.
As a result, compared with the previous accounting standards, in the condensed consolidated statement of profit or loss for the six months ended September 30, 2018, revenue and cost of sales decreased by 11,872 million yen, respectively.

2. Business Combinations

For the Six Months Ended September 30, 2017
No significant business combinations occurred during the six months ended September 30, 2017.

For the Six Months Ended September 30, 2018
(1) Stock acquisition of Glassdoor, Inc.

1) Name of the acquiree and description of its business
Name of the acquiree: Glassdoor, Inc. (“Glassdoor”)
Description of business: Operations of online jobs and recruiting site

2) Date of acquisition
June 21, 2018

3) Percentage of voting equity interests acquired
100%

4) Main reason for the business combination
In the mid-term, the Company seeks to further expand its HR Technology business in the United States and globally through both organic growth and M&A. The Company foresees significant opportunities for growth as Glassdoor and Indeed explore ways to collaborate to meet challenges faced by both job seekers and employers. This acquisition enhances the Company’s position as the leader in job search, job seeker and employer matching, and utilizing direct job seeker input to improve the overall job search experience for job seekers and recruiting activities for employers.

5) Method of obtaining control of the acquiree
Stock acquisition in exchange for cash as consideration

6) Component of goodwill recognized
Excess earning power expected from future business development

7) Consideration paid for acquisition and breakdown thereof

(in millions of yen)

Consideration	Amount
Cash and cash equivalents	142,986
Total	142,986

Note: The amount of consideration paid is converted from 1,294 million US dollars at the spot exchange rate as of the acquisition date and includes the adjustments, etc. of net cash held by Glassdoor.

8) Fair values of assets and liabilities and goodwill as of the acquisition date

(in millions of yen)

Item	Fair value at initial recognition	Change in fair value upon remeasurement	Fair value after remeasurement
Current assets[1]	21,217	(1,492)	19,725
Non-current assets[2]	1,968	32,734	34,702
Total assets	23,186	31,241	54,427
Current liabilities[3]	11,442	(2,561)	8,881
Non-current liabilities	1,002	(53)	949
Total liabilities	12,444	(2,614)	9,830
Net assets	10,741	33,855	44,596
Goodwill[4]	132,355	(33,965)	98,390
Total	143,097	(111)	142,986

An additional fair value measurement was performed, reflecting new information obtained in the three months ended September 30, 2018. Fair values after the remeasurement are shown in the above table. However, as the fair values of assets acquired and liabilities assumed in the business combination continue to be measured, the allocation of consideration paid for the acquisition has not been completed in the three months ended September 30, 2018.

[1] Cash and cash equivalents of 16,197 million yen are included. The fair value of trade receivables acquired after the remeasurement is 3,378 million yen.
[2] Intangible assets are included. The breakdown of intangible assets included in the fair value after the remeasurement is as follows:

(in millions of yen)

Item	Amount
Customer-related intangible assets	14,466
Trademark rights	9,000
Other	6,106
Total	29,573

[3] Deferred income of 9,167 million yen included in the fair value at initial recognition decreased by 3,186 million yen. As a result, deferred income included in the fair value after the remeasurement is 5,980 million yen.
[4] The amount of goodwill is provisionally determined as the allocation of the consideration paid has not yet been completed.

9) Acquisition-related expenses

Acquisition-related expenses associated with the business combination were 1,193 million yen, which are recorded in “Selling, general and administrative expenses” in the condensed consolidated statement of profit or loss.

3. Operating Segments

(1) Overview of Reportable Segments

The Group's reportable segments are those components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and assess business performance.
The Group has three reportable segments by type of business, namely, (1) HR Technology segment, (2) Media & Solutions segment, and (3) Staffing segment.
The HR Technology segment consists of the operations of *Indeed*, an online job search engine, *Glassdoor*, an online jobs and recruiting site, and related businesses.
The Media & Solutions segment consists of two business operations, namely, the Marketing Solutions operation and the HR Solutions operation.
The Staffing segment consists of two business operations, namely, Japan and Overseas.

(2) Information on Reportable Segments

Income of reportable segments is EBITDA (operating income + depreciation and amortization ± other operating income/expenses). Segment profit of eliminations and adjustments includes corporate expenses not allocated to any reportable segments. Corporate expenses consist primarily of general and administrative expenses that are not allocable to the segments. Intersegment revenue or transfers are calculated based on a price used in transactions with third parties. Segment assets are not stated as they are not calculated.

For the Six Months Ended September 30, 2017

(in millions of yen)

	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third parties	96,754	330,149	636,191	1,063,094	-	1,063,094
Intersegment revenue or transfers	2,442	1,851	6,487	10,781	(10,781)	-
Total	99,196	332,001	642,678	1,073,876	(10,781)	1,063,094
Segment profit (loss)	16,195	82,210	40,749	139,155	76	139,232
Depreciation and amortization						29,519
Other operating income						860
Other operating expenses						2,182
Operating income						108,391
Share of profit (loss) of associates and joint ventures						1,835
Finance income						3,321
Finance costs						316
Profit before tax						113,233

For the Six Months Ended September 30, 2018

(in millions of yen)

	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third parties	149,087	346,472	647,779	1,143,339	-	1,143,339
Intersegment revenue or transfers	2,626	2,968	7,184	12,778	(12,778)	-
Total	151,713	349,441	654,963	1,156,118	(12,778)	1,143,339
Segment profit (loss)	23,764	91,445	44,161	159,371	(4,124)	155,246
Depreciation and amortization						35,683
Other operating income						8,633
Other operating expenses						1,626
Operating income						126,570
Share of profit (loss) of associates and joint ventures						(2,241)
Finance income						5,010
Finance costs						288
Profit before tax						129,050

For the Three Months Ended September 30, 2017

(in millions of yen)

	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third parties	51,386	165,901	321,410	538,698	-	538,698
Intersegment revenue or transfers	1,320	898	3,203	5,423	(5,423)	-
Total	52,707	166,799	324,614	544,121	(5,423)	538,698
Segment profit (loss)	8,426	39,041	20,147	67,615	(265)	67,350
Depreciation and amortization						14,988
Other operating income						508
Other operating expenses						805
Operating income						52,065
Share of profit (loss) of associates and joint ventures						633
Finance income						1,560
Finance costs						141
Profit before tax						54,117

For the Three Months Ended September 30, 2018

(in millions of yen)

	Reportable Segment				Eliminations and Adjustments	Consolidated
	HR Technology	Media & Solutions	Staffing	Total		
Revenue						
Revenue from third parties	81,145	174,483	322,236	577,865	-	577,865
Intersegment revenue or transfers	1,264	1,413	3,617	6,295	(6,295)	-
Total	82,409	175,897	325,853	584,160	(6,295)	577,865
Segment profit (loss)	14,317	44,058	20,123	78,499	(1,979)	76,519
Depreciation and amortization						18,849
Other operating income						1,591
Other operating expenses						530
Operating income						58,730
Share of profit (loss) of associates and joint ventures						(230)
Finance income						2,939
Finance costs						120
Profit before tax						61,319